



WEEKLY SESSION UPDATE

March 1, 2019

Week 8 of session brought both late nights and early mornings, with committee hearings and the House floor session running through midnight and committees gathering again the next morning at 8:00 a.m. While there was no shortage of coffee flowing, the forecast showed the opposite for the state's anticipated income tax revenue—which will be less than projected. MMB Commissioner Myron Frans stood alongside Britta Reitan, the State Budget Director, and Dr. Laura Kalambokedis, the State Economist, to unveil updates to Minnesota's economic outlook first shared in November, the health of state funds, and projected revenues and expenditures over the next two bienniums. This forecast will shape the budget targets given to committee chairs in the House and Senate, require the Governor and his cabinet to make adjustments to the budget recommendations announced last week, and highlight the areas of concern that will require legislative fixes going forward.

In other news, the House passed several high profile bills out of committee this week including the Red Flag gun legislation from the Public Safety committee and the Drivers Licenses for All bill out of the Transportation committee. These bills have uncertain fates in the GOP-controlled Senate which has already come out in opposition to both measures.

State Economic Forecast

On Thursday morning, MMB Commissioner Myron Frans, Dr. Laura Kalambokedis, and Britta Reitan dissected the February economic forecast in front of a swarm of press and other legislative staff. As the November 2018 forecast projected, the state budgets continue to have a positive balance, although this balance is \$429 million lower than this original projection and the revenue projection continue to decrease through fiscal year 2023. In addition, there is slower economic growth projected on both the state and federal levels. Dr. Kalambokedis noted that MN has the lowest level of unemployment the state has seen in 17 years, but also has a high demand for workers.

All sides agree that that the workforce shortage and economic slowdown are pressing issues that will need to take the front seat while defining the next state budget, but each branch and both parties disagree on the best way to combat those issues. The coming weeks will put the only divided legislature in the country to the test.

WALZ: via Press Conference Governor **Tim Walz**, **VERBATIM:** “We must make investments that continue economic growth, and my investment in education, jobs and transportation will do just that,” Walz said. “This budget looks to the future, which is exactly what you need to do when facing slower economic growth.”

GAZELKA: via statement from Sen. Majority Leader **Paul Gazelka**, **VERBATIM:** “The economists and budget experts said today the economy is slowing down and there will be less revenue for the state going forward. Knowing that, the last thing we should do is add permanent spending commitments to the state budget. And, in order for the economy to grow, we need to be careful about any new tax increases foisted on the very people who will drive our economy in the future – the middle class.”

BAKK: via statement from Senate Minority Leader **Tom Bakk**, **VERBATIM:** “We enjoy a high level of quality of life

here in Minnesota, and that's due in large part to the work the legislature's done to invest in our state...If we want to have an opportunity to continue making meaningful investments in K-12, health care, and higher education, we need to take a hard look at how we're raising revenue."

HORTMAN: via statement from Speaker **Melissa Hortman**, **VERBATIM:** ""This budget forecast signals significant challenges for the future," said Speaker Melissa Hortman. "We have to be cautious going forward. A workforce shortage is constraining our economic growth, making it even more important that we focus on things that help Minnesotans enter and stay in the workforce — like job training, education, child care assistance, paid family leave, and earned safe and sick time. It is also a time to roll out the welcome mat for people who choose to move to Minnesota and expand our workforce."

DAUDT: via statement from House Minority Leader **Kurt Daudt**, **VERBATIM:** "We are starting to see the consequences of Minnesota's status as a high tax state," Leader Daudt said. "Our economy is growing, wages are up, but our sky-high tax rates are choking state revenues and we're now looking at a deficit in the next biennium. Democrat proposals for huge permanent spending increases and tax hikes on gas and trips to the doctor will only make this problem worse. Our economy grows when Minnesotans have more money to spend—House Republicans are going to focus on helping people keep more of their hard-earned money and growing the economy that way, rather than taking more money for government. With a billion dollar surplus, and hundreds of millions more in waste, fraud, and abuse, we have the money we need to fund our state's priorities."

Bonding

On Tuesday, Governor Walz and Lt. Governor Peggy Flanagan released their \$1.27 billion bonding package at Fort Snelling veteran's housing. The bonding package contains large provisions focusing on affordable housing, aligning with the administration's goal of ending homelessness. Walz argued that the state has continued to put off necessary asset maintenance resulting in billions of dollars of backlogs for the state. He noted that with the state's AAA bond rating and historically low interest rates, there should not be any more waiting on these investments.

The GOP-controlled Senate, however, swiftly came out in opposition to the proposal arguing that large bonding packages should be done in even years. The bonding bill will without a doubt play a major component in end of session negotiations.

In the Proposal:

\$10M for veterans affairs to improve veteran's housing

- We want to eliminate veterans homelessness

\$150M for the preservation of existing affordable housing, and new housing to meet community needs

Aging transportation infrastructure

- Budget provisions
- \$100M road improvement programs
- \$100M bridge improvement programs

Maximize life of education facilities

- \$150M for University of MN
- \$150M for MNSCU

\$20M for department of corrections

- Applied to a \$600M deferred maintenance backlog
- This is a safety issue for our guards and inmates

Further details: [Bonding Bill Fact Sheet](#)
[2019 Capital Budget Recommendations](#)

Prescription drug price gouging bill continues to move

On Thursday, Rep. John Lesch's bill, [HF 4](#), to prohibit price gouging on prescription drugs was heard in the House Judiciary Finance and Civil Law committee. Testifiers in support of the bill included the MN Attorney General's Office, the father of someone who died as a result of rationing his insulin, and the MN Nurses' Association. Testifying against the bill was the Association for Accessible Medicines. Following member questions and discussion, the bill was passed on a roll call vote of 12-5 and was re-referred to the Ways and Means committee.

Senate HHS Committee

On Tuesday, the Senate Health and Human Services committee heard two pieces of legislation from Sen. Scott Jensen, [SF 349](#) and [SF 350](#). SF 349 would eliminate the mandate for hospitals and providers to have interoperable electronic health records systems. An amendment was adopted that reinstated stricken language which included the original exclusion for individual health care providers with no other partners and cash clinics. The bill was passed and placed on General Orders. SF 350 would remove non-compete agreements for physicians. Sen. Jensen stated that other fields don't have this same requirement and noncompetes hurt outstate MN and smaller communities. The MN Hospital Association and MN Physicians and Patients Alliance shared some concerns with the bill, and the committee adopted an oral amendment to ensure the language would not be recommended, in order to alleviate some of the testifiers' concerns. After further member discussion, the bill was passed and re-referred to the Judiciary committee.

3D Mammograms

HF 440 (Morrison), which would require coverage for 3D mammograms for high-risk patients, began its journey for the 2019 session in the House Commerce committee on Thursday. The bill, which is the same legislation carried last year by former Rep. Roz Peterson, has a limited scope and would mandate coverage for women who already have breast cancer or are at a high risk for it. One individual who had breast cancer testified in support of the bill, stating that her doctor believes a 3D mammogram would have helped detect it at an earlier stage. Representatives from the MN Chamber of Commerce and MN Council of Health Plans shared concerns with mandating coverage in general, that it can drive up costs. The bill was passed and re-referred to the HHS policy committee. Handouts from committee are attached.

Medical errors climb at Minnesota hospitals

By [Mark Reilly](#) – Managing Editor, Minneapolis / St. Paul Business Journal - March 1, 2019

Medical errors and other preventable incidents at Minnesota hospitals and surgery centers rose last year to the highest levels in more than a decade.

Minnesota Public Radio [reports on the new report](#) from Minnesota Department of Health, which noted 384 "adverse health events" during the period between October 2017 and October 2018, which included 11 deaths and 118 serious injuries. The deaths included five people who fell in a hospital — the report categorizes falls as a medical error even if the patient is alone, for example, and falls trying to get out of bed — and three newborns who were expected to have healthy births.

The levels are the highest since hospitals began recording errors 15 years ago (and up from 342 incidents in the prior year), but officials tell the Star Tribune that the report indicates progress in the state's effort to acknowledge mistakes so they can be prevented in the future.

For example, many hospitals have to count all medical supplies before and after surgery to ensure that sponges or other implements aren't left inside a patient. After noticing that rates of such incidents didn't decline as expected, officials discovered that the problem is sometimes tiny pieces of devices that get broken off inside the body. So now some hospitals are taking an extra step: Photographing the supplies used before surgery so any missing pieces will be quickly noticed.

For more details, check out the [full report](#) from MDH.

Bill introductions of interest

[HF 1668](#) (Pryor) – Prescription Drug Affordability Act established, prescription drug affordability commission and requirements created, report required, and money appropriated

[HF 1686](#) (Scott) – Disclosure of health care records consent statutory form established

[HF 1705](#) (Schultz) – Health insurance rates disparities study and report by legislative auditor required, and money appropriated

[HF 1718](#) (Baker) – Health definitions modified and added; Board of Pharmacy regulated businesses licensing requirements changed; compounding requirements clarified; veterinary office use compounding allowed; disciplinary action grounds clarified; practitioners, pharmacists, and pharmacies interactions prohibited and disclosure required; manufacture and wholesale drug distribution provisions changed; and obsolete language repealed

[HF 1757](#) (Schultz) – Nonprofit health service plan corporations and health maintenance organizations required to only enter into contracts with nonprofit corporations, and identifying patient data sharing with any organization or agency located in another country prohibited

[HF 1768](#) (Albright) – Pharmacists providing drug manufacturer information to patients required

[HF 1769](#) (Sandstede) – Health care that is available and affordable guaranteed for every Minnesotan; Minnesota Health Board, Minnesota Health Fund, Office of Health Quality and Planning, patient advocacy ombudsman, and Minnesota Health Plan auditor general established; 1332 waiver requested; rulemaking authorized; and money appropriated

[SF 1640](#) (Rosen) – Prescription Drug Pricing Transparency Act

[SF 1732](#) (Jensen) – Outpatient surgical centers facility sharing authorization

[SF 1744](#) (Limmer) – Health care records statutory form to provide consent for disclosure establishment

[SF 1844](#) (Jasinski) – Hospital or hospital campus closure, service curtailment or service relocation requirements modification; right of first refusal for hospitals establishment

[SF 1907](#) (Jensen) – Prescription drug co-payments limits